

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7855

BILL NUMBER: HB 1535

NOTE PREPARED: Jan 16, 2007

BILL AMENDED:

SUBJECT: Local income taxes.

FIRST AUTHOR: Rep. Thompson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___**GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Pending

Summary of Legislation: Reorganizes local option income taxes as follows: (1) Relocates to the county adjusted gross income tax (CAGIT) law all provisions imposing a county option income tax rate (COIT) or county economic development income tax rate (CEDIT) that is dedicated to property tax relief; (2) Relocates to the COIT law all provisions imposing a CAGIT tax rate for certified shares, an additional designated use CAGIT tax rate, or an additional designated use CEDIT tax rate that is not dedicated for property tax relief; and (3) Merges the CEDIT and COIT laws in 2009. Transfers the responsibilities of the county income tax council under the COIT and CEDIT laws to the county fiscal body. Freezes the CAGIT, COIT, and CEDIT tax rates at 2007 levels for one year and eliminates all rate caps for CAGIT, COIT, and CEDIT taxes after 2008. Establishes a municipal option income tax for cities with a population of at least 20,000 and reduces the COIT tax by the amount of the initial municipal option income tax. Makes related changes.

Effective Date: January 1, 2008.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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